

PERSI Choice Plan

U.S. Equity Market Strategy

INVESTMENT OBJECTIVE

The U.S. Equity Market Strategy (the "Strategy") seeks to track the performance of the Dow Jones Wilshire 5000 Composite Index (the "Index"). The Strategy holds units of collective investment funds which track the S&P 500® Index and the Dow Jones Wilshire 4500 Completion Index in their market capitalization weighted proportions. We fully replicate a majority of the total capitalization of the Index and sample from the remaining smaller securities, which are optimized to reflect the characteristics of the entire Index. To the extent that a portion of the Strategy is invested in another fund, derivatives may be used to gain exposure, to provide liquidity for cash flows, to equitize dividend accruals, or for other purposes that facilitate meeting the Strategy's objective.

FUND OPERATIONS

This Strategy is a combination of the EB Daily Liquidity Market Completion Fund and the EB Daily Liquidity Stock Index Fund which are collective investment funds of The Bank of New York Mellon.

The Strategy invests in funds designed primarily for 401(k) plans. The Strategy will coordinate cash flows and accounting information between the participant record keeper and the trustee. Settlement day is the day following valuation date for the purpose of purchase and redemption of units.

ANNUALIZED PERFORMANCE – NET OF FEES

Period	Strategy	Benchmark
2Q08	-1.65	-1.55
1Q08	-9.50	-9.52
1 Year	-12.68	-12.53
3 Years	4.87	5.02
5 Years	8.55	8.72
Inception	3.00	3.20
Std. Dev.	13.05	13.00

PORTFOLIO CHARACTERISTICS

Dividend Yield	2.08%
Beta	1.00
Number of Issues	3,756
Mean \$-Weighted Cap	\$72 billion
Price/Earnings Ratio	18.25
Price/Book Ratio	3.81

ECONOMIC SECTOR BREAKDOWN

Sector	Strategy	Benchmark
Energy	15.50%	15.66%
Materials	4.41	4.40
Industrials	11.78	11.54
Consumer Discretionary	8.80	8.70
Consumer Staples	9.04	9.18
Health Care	11.56	11.69
Financials	15.45	15.18
Information Technology	16.26	16.39
Telecommunication Services	2.96	2.99
Utilities	4.24	4.23

STRATEGY SNAPSHOT

Strategy Inception:
May 2, 2001

Strategy Assets:
\$1.9 million

Benchmark:
Dow Jones
Wilshire 5000 Composite
Index

Participant Eligibility:
Public and qualified
corporate employee benefit
trusts including 401(k) plans

Opening Schedule:
Daily openings

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PERFORMANCE HISTORY – NET OF FEES

Period	Return		Period	Return	
	Strategy	Benchmark		Strategy	Benchmark
2Q08	-1.65%	-1.55%			
1Q08	-9.50%	-9.52%			
2007	5.48%	5.62%	2004	12.35	12.41
4Q07	-3.31	-3.22	4Q04	10.13	10.19
3Q07	1.48	1.46	3Q04	-1.88	-1.83
2Q07	6.04	6.07	2Q04	1.36	1.29
1Q07	1.38	1.40	1Q04	2.58	2.60
2006	15.64	15.77	2003	31.58	31.64
4Q06	7.19	7.20	4Q03	12.49	12.42
3Q06	4.38	4.47	3Q03	3.64	3.71
2Q06	-1.96	-1.96	2Q03	16.60	16.50
1Q06	5.41	5.44	1Q03	-3.20	-3.09
2005	6.02	6.38	2002	-21.20	-20.86
4Q05	2.19	2.21	4Q02	7.84	7.82
3Q05	3.96	4.03	3Q02	-16.84	-16.81
2Q05	2.24	2.32	2Q02	-12.66	-12.61
1Q05	-2.39	-2.22	1Q02	0.62	0.96
			2001*	-7.83	-7.67

*Inception Date: May 2, 2001

Disclosure Statements

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Mellon Capital has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). Mellon Equity Associates, LLP had been verified by an independent verifier for all periods January 1, 1993 through December 31, 2006. KPMG LLP performed verifications from January 1, 1993 through December 31, 2003. PricewaterhouseCoopers LLP performed verifications from January 1, 2004 through December 31, 2006 (see report dated June 29, 2007). A complete list and description of Mellon Capital's composites, as well as additional information regarding policies for calculating and reporting returns, is available upon request.

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The following provides a simplified example of the cumulative effect of management fees on investment performance: An annual management fee of 0.80% applied over a five-year period to a \$100 million portfolio with an annualized gross return of 10% would reduce the value of the portfolio from \$161,051,000 to \$154,783,041. The actual management fee that applies to a client's portfolio will vary and performance fees may be available. The standard fee schedules for Mellon Capital's strategies are shown in Part II of Mellon Capital's Form ADV.

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The EB Daily Liquidity (DL) U.S. Equity Market Strategy (the "Strategy") seeks to track the performance of the Dow Jones Wilshire 5000 Composite Index with minimal tracking error. Financial futures may be used to obtain exposure, to provide liquidity for cash flows, to hedge dividend accruals or for other purposes that facilitate meeting the Strategy's objective. The DL U.S. Equity Market Strategy consisted of five or fewer portfolios since its inception on May 2, 2001. This composite was created in May 2001. The number of portfolios within the composite and dispersion calculations are not shown for periods during which the composite contained five or fewer portfolios. The benchmark is the Dow Jones Wilshire 5000 Composite Index. Effective November 16, 2004 the benchmark name changed from Wilshire 5000 Index to Dow Jones Wilshire 5000 Composite Index. An appropriate fee schedule for this strategy is .60% on assets under management. Actual fees may vary depending on account size and tracking error.

Performance is shown as net of fees and reflects income and capital appreciation, component fund audit costs, investment management fees (0.10%) which represents investment management fees for PERSI, and the transaction costs associated with all aspects of portfolio management internal to the Strategy.

Asset History

Period	Strategy (\$MM)	Firm (\$MM) ¹	Firm (\$MM) ²
2007	2.2	211,569	182,015
2006	1.6	174,948	144,121
2005	1.1	142,007	117,324
2004	1.0	131,528	104,951
2003	0.7	112,136	91,006
2002	0.2	83,440	65,934
2001	0.07	99,352	80,547

¹Includes Overlay

²Excludes Overlay